

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF WEST VIRGINIA**

In Re:

FREEDOM INDUSTRIES, INC.

**Case No. 14-bk-20017
Chapter 11**

Debtor in Possession.

**MONTHLY APPLICATION OF ENVIRONMENTAL CONSULTANT
ARCADIS U.S., INC. FOR ALLOWANCE AND PAYMENT OF
INTERIM FEES AND REIMBURSEMENT OF EXPENSES
FOR THE PERIOD OF JUNE 1, 2015 THROUGH JUNE 30, 2015**

ARCADIS U.S., Inc., as environmental consultant to the Debtor, by counsel Joe M. Supple, hereby submits this Monthly Application for the Allowance of Interim Fees and Reimbursement of Expenses for the period of June 1, 2015 through June 30, 2015. In support of its application, ARCADIS states as follows:

INTRODUCTION

1. On July 2, 2014 this Court entered an Order approving the expedited application of the Debtor to employ and retain ARCADIS U.S, Inc. as environmental consultant.

2. ARCADIS began providing services immediately upon this Court's authorization to expeditiously address the concerns of this Court, the public and of WVDEP in the managed demolition and decommissioning of the Debtor's bulk storage operations at the Etowah Facility, wastewater disposal, storm water management and other matters to allow the Debtor to fully implement the Remediation Plan and the terms of the WVDEP Consent Order.

3. As more fully set forth in the July 2, 2014 engagement letter attached to the ARCADIS employment application filed with the Court, ARCADIS initially agreed to provide eight weeks of on-site project management oversight (Task 1) at a cost not to exceed \$48,300 and three weeks of onsite demolition and decommissioning support (Task 2) at a cost not to

exceed \$18,045. ARCADIS further agreed to provide technical support (Task 3) to the Debtor as specific tasks are identified as work progresses. The Debtor and ARCADIS established an initial funding of \$100,000 for technical support to be billed on a time and materials basis under the discretion of the Chief Restructuring Officer.

4. As a further condition precedent to the retention of ARCADIS, the Debtor paid a \$100,000 retainer to ARCADIS to be applied against the final \$100,000 of fees and expenses invoiced by ARCADIS and approved by the Court.

5. On September 4, 2014, Freedom and ARCADIS entered into an expanded engagement and retention agreement providing that ARCADIS will continue to be responsible for (i) ongoing site management (Task 1), (ii) ongoing demolition and decommissioning support with respect to the remaining tanks (Task 2), and (iii) ongoing technical support for various environmental matters as approved by the CRO (Task 3). Through the end of October 2014, ARCADIS estimated additional costs, on a time and materials basis and subject to Court approval, in an amount not to exceed \$83,700 with respect to Task 1, \$30,075 with respect to Task 2, and \$150,000 with respect to Task 3. Accordingly, the total estimated costs of completing Tasks 1, 2 and 3, through the end of October 2014 pursuant to the July 2 and September 4 engagement agreements was \$132,000 for Task 1, \$48,120 for Task 2, and \$250,000 for Task 3, total for all three tasks not to exceed \$430,120.

6. Under the September 4, 2014 expanded engagement and retention agreement, ARCADIS also agreed to provide Facility Investigation and Reporting services (Task 4). ARCADIS agreed to develop and complete a detailed water and soil analysis program at an estimated cost not to exceed \$305,110. The purpose of this work is to determine the extent of remediation required.

7. The expanded employment of ARCADIS through October 2014 for Tasks 1, 2, and 3 and for completion of Task 4 by an undetermined date was approved by this Court on September 9, 2014.

8. On October 10, 2014, Freedom and ARCADIS entered into an expanded engagement and retention agreement providing that ARCADIS will continue to be responsible for (i) ongoing site management (Task 1), (ii) ongoing demolition and decommissioning support with respect to the remaining tanks (Task 2), and (iii) ongoing technical support for various environmental matters as approved by the CRO (Task 3). With regard to Task 1, ARCADIS believes that budgeted costs and expenses will be sufficient to fund the services performed by ARCADIS through the end of October. With regard to Task 2, ARCADIS provided onsite support during the decommissioning and demolition activities. However, completion of those activities took two weeks longer than previously budgeted. For the additional onsite demolition and decommissioning support during the additional two week period in October, the cost was expected to be an additional \$10,000. With regard to Task 3, ARCADIS has estimated that additional funding of \$150,000.00 will be necessary to complete the work. The estimated and budgeted costs to complete Task 4 remained unchanged.

9. The Court approved the expanded engagement and retention agreement on October 23, 2014.

10. On September 9, 2014, this Court approved the first fee application of ARCADIS for fees in the amount of \$106,563.50 and reimbursement of expenses in the amount of \$8,573.66 for the period of July 1, 2014 through July 31, 2014. These fees and expenses were allocated as follows: Task 1 - \$32,480.33, Task 2 - \$23,569.15, and Task 3 - \$59,087.68.

11. On October 21, 2014, this Court approved the second fee application of ARCADIS for fees in the amount of \$77,402.00 and reimbursement of expenses in the amount of \$21,161.54 for the period of August 1, 2014 through August 31, 2014. These fees and expenses were allocated as follows: Task 1 - \$22,791.78, Task 2 - \$17,689.62, and Task 3 - \$58,082.14.

12. On December 5, 2014, this Court approved the third fee application of ARADIS for fees in the amount of \$84,953.00 and reimbursement of expenses in the amount of \$19,663.81 for the period of September 1, 2014 through September 30, 2014. These fees and expenses were allocated as follows: Task 1 - \$33,511.21, Task 2 - \$0.00, and Task 3 - \$71,105.60.

13. On December 20, 2014, ARCADIS filed an amended application for payment of fees in the amount of \$124,887.00 and reimbursement of expenses in the amount of \$66,267.14 for the period of October 1, 2014 through October 31, 2014. These fees and expenses were allocated as follows: Task 1 - \$24,017.44, Task 2 - \$16,287.13, Task 3 - \$44,370.65 and Task 4 - \$106,478.92. On January 14, 2015, this Court approved \$80,000 of the requested October fees, and \$66,267.14 in expenses, taking the remaining fees in the amount of \$44,887.00 under advisement.

14. On December 15, 2014, ARCADIS filed its fifth application for payment of fees in the amount of \$60,036.50 and reimbursement of expenses in the amount of \$141,907.79 for the period of November 1, 2014 through November 30, 2014. These fees and expenses were allocated as follows: Task 1 - \$16,807.85, Task 3 - \$42,049.90 and Task 4 - \$143,086.54. On January 15, 2015, this Court approved \$40,000 of the requested November fees, and \$141,907.79 in expenses, taking the remaining fees in the amount of \$20,036.50 under advisement.

15. On March 20, 2015, this Court approved the sixth fee application of ARADIS for fees in the amount of \$30,566.50 and expenses in the amount of \$32,474.40 for the period of December 1, 2014 through December 31, 2014. These fees and expenses were allocated as follows: Task 3 - \$32,975.59 and Task 4 - \$30,065.31.

16. On March 20, 2015, this Court approved the seventh fee application of ARADIS for fees in the amount of \$34,629.50 and expenses in the amount of \$14,414.80 for the period of January 1, 2015 through January 31, 2015. These fees and expenses were allocated as follows: Task 3 - \$32,975.59 and Task 4 - \$30,065.31.

17. On March 6, 2015, ARCADIS filed its eighth application for payment of fees in the amount of \$19,933.50 and reimbursement of expenses in the amount of \$18,088.81 for the period of February 1, 2015 through February 28, 2015. These fees and expenses were allocated to Task 3. This application is pending before the Court.

18. On April 16, 2015, ARCADIS filed its ninth application for payment of fees in the amount of \$21,311.00 and reimbursement of expenses in the amount of \$14,435.52 for the period of March 1, 2015 through March 31, 2015. These fees and expenses were allocated as follows: Task 3 - \$32,084.16 and Task 4 - \$3,662.36. This application is pending before the Court.

19. On May 15, 2015, ARCADIS filed its tenth application for payment of fees in the amount of \$34,129.50 and reimbursement of expenses in the amount of \$2,913.18 for the period of April 1, 2015 through April 30, 2015. These fees and expense were allocated as follows: Task 3 - \$34,083.68 and Task 5 - \$2.959.00. This application is pending before the Court.

20. On June 15, 2015, ARCADIS filed its eleventh application for payment of fees in the mount of \$38,564.00 and reimbursement of expenses in the amount of \$2,963.74 for the

period of May 1, 2015 through May 31, 2015. These fees and expenses were allocated as follows: Task 3 - \$38,688.74 and Task 5 - \$2,839.00. This application is pending before the Court.

APPLICATION DETAIL

21. This is the twelfth fee application of ARCADIS and seeks approval of fees in the amount of \$28,502.50 and reimbursement of expenses in the amount of \$1,659.92 for the period of June 1, 2015 through June 30, 2015.

22. As more specifically set forth in the July 13, 2015 invoice of ARCADIS attached hereto as **Exhibit A** and on the Timekeeper Summary attached as **Exhibit B**, ARCADIS provided environmental consulting services as follows:

Task 3: Technical Support

Total Fees: \$27,926.50 Total Expenses: \$1,659.92

23. During this application period, ARCADIS provided various services to the CRO and legal counsel during the month of June. ARCADIS employees assisted the ARCADIS on-site project manager in completion of several including those listed below:

- Completed oversight of the remediation subcontractor (SPSI), SPSI will continue to be directly contracted by Freedom Industries.
- Work as a liaison between WVDEP as a representative of Freedom Industries.
- Serve as the Project Manager under the direction of the CRO for:
 - Remediation support
 - Wastewater disposal via the Charleston Sanitary Board
 - Storm water engineering and management
 - Other projects and tasks identified by the CRO
- Coordination for water and waste profiling material sampling.
- Coordinate and monitor the sump including pumping schedules, level testing and trench monitoring.

- Assist with WVDEP meetings, calls and requests.
- Provide regular correspondences to the CRO and WVDEP to disseminate information related remediation, sampling, and other work being completed at the Facility.
- Assist with coordination of the West Virginia Voluntary Remediation Program.
- Advise and assist with communication with Babst-Calland, Freedom Industries' environmental counsel and McGuire-Woods, Freedom Industry's general bankruptcy counsel.
- Completion and discussions of the VRRP Interim Remediation Work Plan.
- Provided support for plea agreement/settlement negotiations between WVDEP, Freedom, and Chemstream.

ARCADIS specialists also completed site visits to meet with the CRO, counsel, and regulatory agencies. ARCADIS provided senior technical resources to complete risk assessment evaluation. ARCADIS provided environmental communication support to the CRO and counsel.

No travel time was billed on this task in the month of June.

24. The total fees billed by ARCADIS during June 2015 for technical support are \$27,926.50 with total reimbursable expenses of \$1,659.92.

Task 5: Site Assessment Report

Total Fees: \$576.00 Total Expenses: \$0.00

25. During this application period, ARCADIS began reviewing and assessing WVDEP comments to the Site Investigation Report.

No travel time was billed on this task in the month of June.

26. The total fees billed by ARCADIS during June 2015 for site assessment are \$576.00 with no reimbursable expenses.

Travel Time

27. ARCADIS employees spent 2.0 labor hours traveling to and from the Project site in the month of April, equating to a cost of \$360.00 which was not billed to the Debtor.

Summary of Fees and Expenses to Date

28. Through the month of June 2015, ARADIS has billed the following fees and expenses:

	<u>Billed through June '15</u>	<u>Approved Budget of Fees and Expenses*</u>
Task 1	\$ 129,608.61	\$ 132,000.00
Task 2	\$ 57,545.90	\$ 58,120.00
Task 3	\$ 507,382.61	\$ 400,000.00
Task 4	\$ 305,091.69	\$ 305,110.00
Task 5	<u>\$ 6,374.00</u>	<u>\$ 0.00</u>
Total	\$ 975,840.39	\$ 895,230.00

* On March 6, 2015, ARCADIS filed a motion for authority to provide ongoing services to the Debtor on the grounds that the employment period and budget previously approved by the Court had expired. By Order entered March 20, 2015, the Court recognized that the services performed by ARCADIS are essential services necessary to ensure DIP compliance with the requirements in place by the DEP for acceptance into the Voluntary Remediation Program. ARCADIS continues to provide services to the Debtor so that it may comply with DEP requirements.

29. During the period of July 2014 through June 2015, ARCADIS employees spent 567.2 labor hours traveling to and from the Project site, equating to a cost of \$64,007.00, which was not billed to the Debtor.

WHEREFORE, ARCADIS, U.S., Inc. requests that the Court (i) approve fees in the amount of \$28,502.50 and reimbursement of expenses in the amount of \$1,659.92 for the period of June 1, 2015 through June 30, 2015, and (ii) authorize the Debtor to pay ARCADIS U.S., Inc. its fees in the amount of \$28,502.50 and expenses in the amount of \$1,659.92.

ARCADIS U.S., Inc.
By Counsel,

/s/ Joe M. Supple
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Certificate of Service

I, Joe M. Supple, counsel for ARCADIS U.S., Inc., certify that a true copy of the foregoing MONTHLY APPLICATION OF ENVIRONMENTAL CONSULTANT ARCADIS U.S., INC. FOR ALLOWANCE AND PAYMENT OF INTERIM FEES AND REIMBURSEMENT OF EXPENSES FOR THE PERIOD OF JUNE 1, 2015 THROUGH JUNE 30, 2015 was served by this Court's CM/ECF system on July 15, 2015 to all parties having registered in this case under the Court's CM/ECF system, and by pdf email to Mark J. Welch, Chief Restructuring Officer, at MWelch@morrisanderson.com.

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